

# Vermont State Teachers' Retirement System

Volume 5, Issue 2

JULY 2005

## DIRECTOR'S CORNER

### Imaging Project Off and Running

In the last newsletter, I reported that the Retirement Division was undergoing significant changes in the way we provide services to our members in order to improve efficiency and effectiveness. This endeavor has multiple stages and will take three to four years to complete.

The first stage was to conduct a high-level management review of our workflow and processes. That was successfully completed last year. The next stage will be to electronically image the 1.8 million pieces of paper that represent the contents of the retirement files for our 41,000 active and retired members.

I am happy to report we are now in the fifth week of our imaging project. The vendor selected to handle

(Continued on page 3)



## LEGISLATIVE UPDATE

There were two proposals that made it through the legislative session this year. The first important proposal – the *Unitization Bill* – is addressed in the article below.

The second proposal establishes a *Commission on Funding the State Teachers' Retirement System of Vermont Pension Accumulation Fund*. The 13-member Commission is charged with making recommendations for funding an adequate, sustainable, and actuarially sound retirement benefit plan for the State Teachers' Retirement System of Vermont.

The Vermont State Treasurer will be the Chair as well as a member of the Commission. Other members include two members of the House, two members of the Senate, Chair of the Teachers' Board, Commissioner of Finance and Management, Commissioner of Education, two members of VT-NEA, a member of the VSA, a member of the VSBA, and a Governor's appointee with pension and benefit experience. The Commission must file a report of its recommendations with the Governor and the General Assembly by November 15, 2005.



The establishment of the Commission is an important step forward in addressing the significant deficit in the funding levels of the Teachers' System over the past several years. I will keep you posted regarding the activity of the Commission in future newsletters.

## UNITIZATION—What Does That Mean To Me?

You may have read or heard about legislation creating a new process for investing the assets of Vermont's three state-level pension funds. H.117, a bill overwhelmingly supported by the Legislature and signed by the Governor, authorizes the 17 trustees of the three retirement system boards to form the Vermont Pension Investment Committee (VPIC). With the assistance of an independent pension consultant and Treasurer's Office staff, the Committee will jointly be responsible for all pension fund investment related activity, such as selecting and monitoring money managers. The three existing boards will continue to oversee such areas as actuarial valuation, medical disability, and benefit revisions. The capacity for effective investment oversight and administration should be significantly enhanced by this new process and is likely to improve the investment performance for all three systems. The VPIC will allow resources from the Treasurer's Office and pension advisors to better support a focused investment committee with additional investment expertise, at a lower cost than under the current system. By taking advantage of its collective power in contract negotiations, the VPIC will save the three retirement systems significantly on money management fees. Further savings will be accomplished through efficiencies and economies of scale with the custodian bank, pension consultants, and within the Treasurer's Office. So what does unitization mean to you? In short, a better and more efficient retirement system. If you have questions, please give any one of your retirement board members or the Treasurer's Office a call.

## Turning 65 AND STILL WORKING?

Thanks to some of our readers who asked about coverage for those still working after age 65, we thought this information might be useful. If you still have questions, please feel free to contact the Retirement Office.

In the March 2005, Spring Edition article "Turning 65? Health Insurance Impact and Procedure," it was not clear that Medicare is *not* a person's primary insurance carrier if he/she is still working. As long as a person continues to work after age 65, and is covered by an

employer's health insurance plan, that health insurance plan would remain primary.

When turning 65 you still must apply for Medicare Part A, but then apply for Medicare Part B, without penalty, upon termination from work and prior to retirement. Members of the VSERS and VSTRS are required to have Medicare Parts A and B because the systems' coverage becomes supplemental to Medicare for retirees over 65.

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Wouldn't it be fun if instead of waiting for your retirement check to arrive, it was waiting for you?

Sign up for direct deposit, today.

It puts your payment in the bank automatically on the last business day of each month, no kidding!!

Call the Retirement Office to get started...  
**you won't regret it.**

### CONVENIENCE

### Attention Terminated, Vested Members

It is YOUR responsibility to contact the Retirement Division at least three months prior to the month in which you wish to begin drawing your benefits. Benefits are not automatic...you must apply for them. Keep in mind that vested benefits do not increase once you have reached normal retirement age for your group plan. If you do not know when your normal retirement age is, contact the Retirement Division for more details.

### Education for People Over 50!

Several years ago, UVM received a grant from The Osher Foundation to establish The Osher Lifelong Learning Institute for the purpose of providing courses and programs to area residents over the age of 50. Since that time, Institutes have opened in Brattleboro, Montpelier, Rutland, Springfield, St. Johnsbury, and most recently the Newport/Derby area. Check it out in your area or at [www.uvm.edu/~learn/osher/](http://www.uvm.edu/~learn/osher/).

You're never too old to learn something new!

## ELECTION RESULTS

The Vermont State Teachers' Retirement System held an election for a trustee position this spring. Joseph Mackey, the incumbent Board member, was the only candidate who applied for the position. Pursuant to Board Election Rules, Mr. Mackey will be appointed to fill the four-year term at the first Board meeting following July 1<sup>st</sup>.

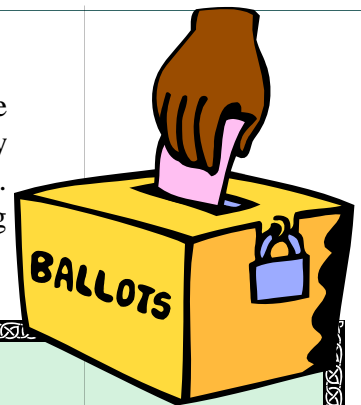
**Congratulations, Mr. Mackey!**

### A Message from Jeb Spaulding, Vermont State Treasurer

#### The Office of the State Treasurer is **MOVING!**

The State purchased the former National Life Building at 133 State Street in 1960. After being in our location for 45 years, the Office of the State Treasurer and all divisions - Accounting Services, Unclaimed Property, Finance & Investments, and Retirement Operations - will be moved later this fall. We expect to be in our new location on the 4<sup>th</sup> Floor of the Pavilion Building, 109 State Street, Montpelier, VT, by the end of November. The official date is still uncertain due to the renovation process, but when we are finally moved, the e-mail addresses, phone, and fax numbers will remain the same; only our physical location and mailing address will be affected by the move.

If you are intending to visit our offices or correspond with one of the division around the time of our anticipated move, you may want to check our Web site at [www.vermonttreasurer.gov](http://www.vermonttreasurer.gov), or call us for updated information.



## STRAIGHT FROM THE BOOK

### VESTING and MEMBERSHIP IN THE SYSTEM

If you were employed as a public school teacher within the State of Vermont on or after July 1, 1990, you are automatically a Group C member. If you were hired before July 1, 1990, and were a group B member in service on July 1, 1990, you are now a Group C member. You will be vested in the VSTRS upon the attainment of five (5) years of creditable service.

The definition of "Teacher" shall mean any licensed teacher, principal, supervisor, superintendent or any professional licensed by the state board of education regularly employed for the full normal working time for his or her position in a public day school within the state, or in any school or teacher-training institution located within the state, controlled by the state board of education, and supported wholly by the state; or any teacher, principal, supervisor, superintendent or any professional regularly employed for the full normal working time for his or her position in any nonsectarian independent school which serves as a high school for the town or city in which the same is located, provided such school is not conducted for personal profit. It shall also mean any person employed in a teaching capacity in certain public independent schools designated for such purposes by the board of trustees in accordance with section 1935 of Title 16. In all cases of doubt the board of trustees, herein defined, shall determine whether any person is a teacher as defined in 16 V.S.A. Chapter 55.

**If you have questions or require more information, please contact the Retirement Office at any time, Monday—Friday 7:45 a.m. to 4:30 p.m.**

## Director's Corner

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this critical task is making steady progress, and we fully expect to meet our goal of completing the project by the end of the summer. Each piece of paper is being imaged to allow a member's entire record to be retrieved and viewed on our computer screens. In addition, each piece of paper is microfilmed as a back-up to be stored in the Department of Public Records. We have approximately 20 people working two full-time shifts in Montpelier, as well as staff working back in the vendor's home office in Nebraska. It is impressive to watch these professionals undertake this complicated project. One could naively assume that copying paper would be relatively easy. On the contrary; capturing a quality image of various types of documents in all sizes and shapes, then properly indexing the images so they may be easily retrieved in the correct member or retiree file, is a true work of art.

It is important to note that there is at least a 24-hour period while a file is being imaged when the Retirement Office staff cannot access the actual documents contained in the file. Please keep this in mind should you need any information or services from our office this summer, as we may need a little extra time to respond to your request.

The final phase of this project is replacing the existing mainframe-based computer system with a new state-of-the-art Line of Business. The Request for Proposals for the Line of Business is nearing completion, and is expected to be released in early July. It is a 400-page document that contains extremely detailed instructions on what is needed to

administer the retirement systems today, and more importantly, in the future. We have built into the Line of Business RFP numerous new features to create a dynamic environment that will bring the level of services available to our members into the 21<sup>st</sup> century.

I encourage you to contact me at (802) 828-2302 or by e-mail at: [cynthia.webster@state.vt.us](mailto:cynthia.webster@state.vt.us) if you have questions, comments, or ideas that you wish to share with us as we build our new Line of Business.

### NEXT HEALTH INSURANCE OPEN ENROLLMENT PERIOD:

January 1 and February 1, 2006, providing you have not switched plans within the prior 12-month period.

For a breakdown of two- person and family rates, please visit the Treasurer's Office Web site @ [www.vermonttreasurer.gov](http://www.vermonttreasurer.gov) and click on Vermont Teachers' Retirement System.

### Retirement Board of Trustees

Chair: **Joe Mackey**  
*Active Teachers*

Vice-Chair: **Jon Harris**  
*Active Teachers*

**Jay Kaplan**  
*Retired Teachers' Association*

Ex Officio Members:

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### **A Message from Joe Mackey, Board Chairman**

Through the initiative of retiree trustee representative Jay Kaplan, on March 22, 2005, the Board of Trustees for the State Teachers' Retirement System adopted a resolution to encourage the money management firms we do business with not to support the privatization of Social Security. We took this stance in an effort to protect your future.

Social Security is an integral part of a "three-legged stool" retirement package (teachers' retirement, social security, and personal savings or investments), which will maintain your financial security in the future. We feel that privatization and putting less money into Social Security is not the answer. However, what the government does with the money you and your employer send is more important. President Bush is half right, and should require the government to invest SS contributions as he recommends for individuals, it would have greater investment returns and less costs to implement.

We are proud of our initiative to take a position on such a vital retirement issue. Please use your individual power, and encourage all of the organizations and legislators that represent you to strongly protest the idea of Social Security privatization.

### ***\*\*IMPORTANT SDIA NEWS\*\****

We are pleased to advise members in the SDIA Plan of some recent changes made in the Retirement Office, and administration of your plan.

In June a new third-party administrator was hired to handle all of the day-to-day functions required to administer the Single Deposit Investment Account program established in 1981 (see the March 2005 edition for additional plan information). Be sure to watch your mail for additional information from Great-West Retirement Services.

We are very pleased with this customer service change, and look forward to hearing your comments.

We are made wise not by the recollection of our past, but by the responsibility for our future.  
George Bernard Shaw

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